

TITLE 25. DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

NOTICE OF PROPOSED RULEMAKING FOR THE CALIFORNIA SELF-HELP HOUSING PROGRAM

Notice is hereby given that the Department of Housing and Community Development (Department) proposes to adopt regulations for the California Self-Help Housing Program (the "CSHH Program" or the "Program"). The purpose of the Program is to provide grants to eligible sponsors that are engaged in developing, conducting, administering or coordinating programs of assistance that aid eligible households to construct residential units for their own use.

WRITTEN COMMENT PERIOD

Any interested person, or his or her authorized representative, may submit written comments relevant to the proposed regulatory action by the Department. The written comment period begins March 28, 2003 and closes at 5:00 p.m. on May 12, 2003. The Department will consider comments received during this timeframe. Please address your comments to Dee Franklin, Community Affairs Division, California Self Help Housing Program, P.O. Box 952054, Sacramento, California 94252-2054. Comments can be sent via fax transmittal to (916) 323-6016, attention: Dee Franklin, California Self Help Housing Program. No public hearing on this matter will be held unless any interested person or his or her representative requests no later than 15 days prior to the closed of the written comment period.

AUTHORITY AND REFERENCE

The Department is conducting this rulemaking activity under the authority provided by Health and Safety Code (H&S) Section 50697(d) and reference is in H&S Section 50696, and the California Code of Regulations, Title 25, Division 1, Chapter 7, Subchapter 6.5, Section 7552(b) & (c).

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

The CSHH Program provides grants to eligible sponsors that are engaged in developing, conducting, administering or coordinating programs of assistance that aid eligible households to construct residential units for their own use. The costs incurred by sponsors of self-help developments have greatly increased since the provision to limit the amount awarded to a single project to \$100,000 was adopted in 1986. These proposed regulations offer revisions to increase the per project limit from \$100,000 to \$300, 000. The most substantive revisions and new provisions are, as follows:

Section 7552 - Subsection (b) limits the amount of a technical assistance award to a single project to \$100,000. In order to address this problem, HCD proposes to increase the per-project limit from \$100,000 to \$300,000.

The CSHH Program regulations require that applications be reviewed by HCD's Loan and Grant Committee for final funding recommendations. The regulations also permit

extensions of grant terms in the event of delays in project implementation beyond a grantee's control, upon recommendation of the Committee. Historically, such extensions have been placed on the Committee's consent calendar and routinely are approved. Given that extensions routinely have been approved, that it takes staff time to prepare an extension recommendation for the Committee, and that the Committee meets, at most, once a month sometimes delaying the granting of an extension, HCD proposes to delete this requirement.

IMPACT OF PROPOSED REGULATIONS

The CSHH Program provides grants to sponsors to offset the costs of the technical assistance services provided by the sponsor in the development of these self-help subdivisions, rather than having to pass these costs along to the homebuyers.

The Program regulations are designed to provide financing to assist self help construction of housing by low and moderate incomes.

EFFECT ON SMALL BUSINESS

The proposed regulations do not affect small businesses, because the regulations do not mandate or require small businesses to take any prescribed action, and it has no financial impact on small businesses.

LOCAL MANDATE

The proposed regulatory activity will not impose a mandate on local agencies or school districts. Participation in the program is voluntary.

FISCAL IMPACT

This regulatory activity does not impose any cost on any local agency or school district that is required to be reimbursed under Part 7 (commencing with sec. 17500) of Division 4 of the Government Code; neither does the regulatory activity result in any other nondiscretionary cost or savings imposed on local agencies or in any cost or savings to any state agency (other than the Department). Participation is voluntary, not mandatory. The program is funded from the State's General Fund and has no impact on federal funding to the state.

EFFECT ON HOUSING COSTS

The proposed regulations will increase the project limit to enable sponsors to coordinate homebuyer/builder groups of larger numbers for infill development in urban areas, promoting smart growth by developing homes on vacant lots that are located near public transportation, businesses, and the potential homebuyer's place of employment.

INITIAL DETERMINATION OF STATEWIDE ADVERSE ECONOMIC IMPACT DIRECTLY EFFECTING BUSINESSES

The Department has made an initial determination that the proposed action will not have a significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

ASSESSMENT STATEMENT

The Department has determined that the regulations will not significantly affect the creation or elimination of jobs in California; the creation of new businesses or the elimination of existing businesses within California; or the expansion of businesses currently operating in California. In any case, participation in the program would be voluntary.

STATEMENT OF POTENTIAL COSTS IMPACT ON PRIVATE PERSONS AND BUSINESS DIRECTLY AFFECTED

The Department is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action. While private businesses (nonprofits) and individuals are eligible to receive program funds under the program, participation is voluntary.

CONSIDERATION OF ALTERNATIVES

The Department of Housing and Community Development must determine that no reasonable alternative considered by the Department or that has otherwise been identified and brought to the attention of the Department would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

AVAILABILITY OF TEXT OF PROPOSED REGULATIONS AND STATEMENT OF REASONS

The text of the proposed regulations is available upon request, along with the Initial Statement of Reasons, prepared by the Department, which provides the reasons for the proposals. All information the Department is considering as a basis for this proposal is maintained in a rulemaking file, which is available for inspection at the address noted below. Copies can be obtained by contacting Peter Solomon at the address and telephone number noted below.

AVAILABILITY OF CHANGED OR MODIFIED TEXT

Following the written comment period, the Department may adopt the proposed regulations substantially as described in this notice. If the Department makes modifications, which are sufficiently related to the originally proposed text, it will make the modified text--with changes clearly indicated--available to the public for at least 15 days before the Department adopts the regulations as revised. Please send requests for copies of any modified regulations to the attention of Peter Solomon at the address indicated below. The Department will accept written comments on the modified regulations for 15 days after the date on which they are made available.

AVAILABILITY OF RULEMAKING DOCUMENTS

All of the information upon which the proposed regulations are based is contained in the rulemaking file, which is available for public review, by contacting the person named below.

AVAILABILITY OF FINAL STATEMENT OF REASONS

At the conclusion of this rulemaking, a Final Statement of Reasons will be prepared as required by Government Code section 11346.9. This document will be available from the contact person named below.

CONTACT INFORMATION PERSON

**HCD: Peter Solomon
(916) 445-3086**

**Dee Franklin
(916) 445-9581**

**HCD Back-Up: Lenora Frazier
(916) 323-7288**

**HCD Address: State Department of Housing and Community Development
1800 Third Street, Room 390
Sacramento, California 95814**

HCD Website: Copies of the Notice of Proposed Action, the Initial Statement of Reasons, and the text of the regulations may be accessed through our website at **www.hcd.ca.gov**

HCD Facsimile No: (916) 323-6016

The Department invites interested persons to present statements or arguments with respect to alternatives to the proposed regulations during the written comment period. Direct inquiries concerning the substance of the proposed rulemaking action and any requests for the documents noted above should be made to:

**Peter Solomon
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